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No. .....

In the Supreme Court of the United States

OCTOBER TERM, 1982

CARSONITE INTERNATIONAL CORPORATION, HIGH PERFORMANCE COMPOSITES, INC., and DONALD W. SCHMANSKI,

Petitioners,

v.

CARSON MANUFACTURING COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

VAUGHN W. NORTH,
Thorpe, North & Western
9662 South State
P.O. Box 2609
Salt Lake City, Utah 84110

Telephone (801) 566-6633

QUESTIONS PRESENTED FOR REVIEW

1. Should not this Court end the seven-year *absence of authoritative interpretation of the Constitutional standard of patentability for combination inventions* and curb Circuit Court speculation which has lead to inventor confusion and loss of confidence in the patent system with narrow and chilling pronouncements such as the *en banc* 9th Circuit declaration in the present case, ". . . we now hold that the *unusual or surprising results test* is the *sole and exclusive measure* of patentability for mechanical combination patents . . ."—a holding which both usurps the role of this Court and flies directly in the face of this Court's landmark decision of *Graham v. John Deere?*

2. Does not the current decisional split regarding "synergism" as the test for validity of combination patents between the 1st, 5th, 6th, 8th and 9th Circuit Courts on the one hand and the 2nd, 3rd, 7th and 10th Circuit Courts and new Court of Appeals for the Federal Circuit on the other hand require exercise of this Court's supervisory authority to restore order to a federal patent enforcement system now undermined by conflicting and shifting patentability standards, forum shopping, and exhorbitant expense which collectively operate to destroy inventor incentive and impede the progress of science by turning patent enforcement into a costly game of chance —a result cogently illustrated in the present case wherein the patentee was denied due process by an *ex post facto* change in the standard of patentability by the appellate court without remand for new trial?

3. Should not this Court end a *century of silence* and resolve the further conflict among the circuits on the Seventh Amendment right to trial by jury in a patent case and establish uniform standards of appellate review of a jury's findings so that a patentee's 7th Amendment right to jury trial (now being requested in nearly one out of three cases) will not be further emasculated as was effectively done in this case where an *en banc* Circuit Court (despite two petitions for rehearing) totally disregarded implicit fact findings of the original jury proceeding?

4. Should not certiorari be granted to correct an extreme departure from proper judicial procedure which occurred in this case when the appellate court (a) invalidated claims of the patent on the sole ground that the Patent Office had rejected those claims in a pending reissue proceeding when, in fact, the Patent Office found the claims to be allowable over the same prior art as cited by the Court, (b) disregarded the trial record, substituting its own opinion over technical testimony of internationally recognized experts and venturing on its own fact-finding contrary to its own cited prior art, (c) overlooked the primary point of novelty in the claimed invention, resulting in omission of unexpected results demonstrating literal synergism, (d) failed to evaluate each of the patent claims in issue—evaluating instead the "elements of the patent," (e) erroneously mislabeled the claimed invention a "mechanical combination" despite its factual holding that the invention was "a single tangible element" and (f) disregarded implicit fact findings of the jury underlying verdicts of trademark infringement and unfair competition.

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CARSON MANUFACTURING COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners, Carsonite International Corporation, High Performance Composites, Inc., and Donald W. Schmanski, pray that a writ of certiorari issue to review the judgment and opinions of the United States Court of Appeals for the Ninth Circuit entered in the above-entitled case.[1]

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[1] Parties to the proceedings:

Two decisions of the Ninth Circuit are in issue. Carson Manufacturing Co., Inc. (hereinafter Respondent or CARSON) and Petitioners Carsonite International Corporation, High Performance Composites, Inc. and Donald W. Schmanski (hereafter CARSONITE or SCHMANSKI) were parties to the initial appeal. This appeal was consolidated with two copending appeals in the Ninth Circuit for en banc hearing, including the following parties: Robert Sarkisian and Winn-Proof Corp., William A. Werner, and Wer-Nel Enterprises, Inc. (Appeal Nos. 78-3266 and 78-3270); Peter A. Hammerquist and Clark's Sheet Metal, Inc. (Appeal No. 79-4589).

REPORT OF OPINIONS

The initial, unpublished opinion of the Court of Appeals rendered on October 13, 1981, was reinstated by the en banc panel and is reported at 686 F2d 665—Appendix A hereto (cited herein as "Pet. App. 1 et seq.). The subsequent en banc opinion (Appendix E—cited herein as Pet. App. 23a et seq.) is reported at 688 F.2d 647 (1982).

JURISDICTION

The judgment of the Court of Appeals was entered on October 13, 1981. Petitioner filed a timely Petition For Rehearing, which was granted for en banc review (Appendix B) with copending Appeal Nos. 78-3266, 78-3270, and 79-4589 (Appendix C). The en banc opinion was filed September 21, 1982 (Appendix E—Pet. App. 23a et seq.). A second Petition For Rehearing, filed on October 5, 1982, was denied (Appendix G). This Petition For Writ of Certiorari has been timely filed in accordance with 28 U.S.C. Section 2101(c) and Supreme Court Rule 20.2,4. The jurisdiction of this Supreme Court is invoked pursuant to 28 U.S.C. Section 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves Article I, § 8, Cl 8, and the 7th Amendment of the Constitution, 35 U.S.C.A. § 103, and Lanham Trade-Mark Act. §§ 32, 43(a), 15 U.S.C.A. § 1114, 1125(a).

STATEMENT OF THE CASE

This is an action brought by Respondent for declar-

ation of invalidity of U.S. Patent 4,092,081 (the Schmanski patent). Petitioner counterclaimed for patent and trademark infringement, theft of trade secret and unfair competition.

The Schmanski invention is a delineator post (see illustration at Pet. App. 45a) installed in the ground to mark the edge of a highway to alert drivers to an imminent change in direction of travel. Although the delineator post is visible during daylight, its primary function is to provide nighttime delineation by positioning elevated, reflective surfaces along the roadside. These are appropriately spaced to provide a sense of depth and direction where darkness would otherwise obscure visibility.

Development of the Schmanski invention is a classic example of economic growth and public benefit from new technology. It demonstrates the successful union of American entrepreneurship and scientific research made possible and stimulated, in part, by the expectation of a fair return on investment protected by the U.S. patent system.

Petitioner Schmanski left his research work in the aerospace industry[2] to focus on more down-to-earth problems of highway safety—specifically highway delineation. He noted that the country's vast system of highways, with computer-controlled traffic and high technology vehicles, was still relying almost exclusively on the same type of roadway delineator that had been used for almost fifty years. It consisted merely of a steel post or channel

[2] Schmanski, as Vice President of Fiberite Corp., was instrumental in the design of portions of the space shuttle utilizing advanced fiber reinforced plastic composites. Trial transcript pg. 69 (hereafter RT69).

with a reflective button attached at its top. Installation was accomplished by hammering the channel directly into the ground. This feature of "driveability" was a decisive factor in market dominance by the steel post.

The convenience of "driveability," however, was counterbalanced by other disadvantages arising from the rigidity of the steel post. During vehicle impact, the steel channel often destroyed property and life. Motorcyclists and fiberglass vehicles were literally ripped apart during impact. And because the resulting bent delineator would seldom give proper reflection, nighttime delineation was lost, increasing the risk of further accidents until maintenance crews could effect repair by replacing the steel post or bending it back into position.

Schmanski realized that both cost and safety could be improved with a flexible post which would deflect and rebound upon impact. He learned, however, that the industry had already considered numerous plastic delineators,[3] and found installation time-consuming and expensive. Typically, a hole would be dug, the plastic delineator inserted, and cement and backfill applied. In short, the highway industry was determined to stick with steel because it was "driveable," despite the fact that in 1978, repair of steel delineators cost California over 1.5 million dollars, with more maintenance men losing their lives than highway patrolmen.[4]

With years of research experience and an inventor's

[3] California, for example, had separate specifications for steel, driveable posts and plastic, flexible posts.

[4] Testimony of Gerald Russell, Chief of the Division of Maintenance for the California Department of Transportation. RT 179.

fiberglass, with hazardous splinters and an unsightly, fractured appearance.

It was clear that the only acceptable solution would be a *nondestructive* fiberglass post. This, however, would require Schmanski to make a single fiberglass element whose structure and composition would embody *concurrent* and *conflicting* properties of stiffness and *nondestructive* flexibility. This conflict seemed unresolvable—how do you make a single, unbreakable post which is both rigid and flexible *at the same time?* Admittedly, the prior art showed the alternatives of one *or* the other, but not both.

In spite of the seeming impossibility of the task, and much to the surprise and disbelief of others skilled in the art, Schmanski eventually presented the world with its first nondestructive, flexible, driveable, fiberglass delineator. It was sturdy enough to be hammered at its top into hard ground, similar to its steel competition. Yet, this same rigid element (without fracture as with the "T") could withstand high-speed impact by deforming (Figure 2) and righting itself with flexibility never before experienced with fiber reinforced plastic.

The co-existence of conflicting properties of rigidity and *nondestructive* flexibility in a single fiberglass element were so unexpected that even those skilled in the art would believe it only after seeing the post driven into the ground like prior art steel and repeatedly subjected to vehicle impact *without breaking.*

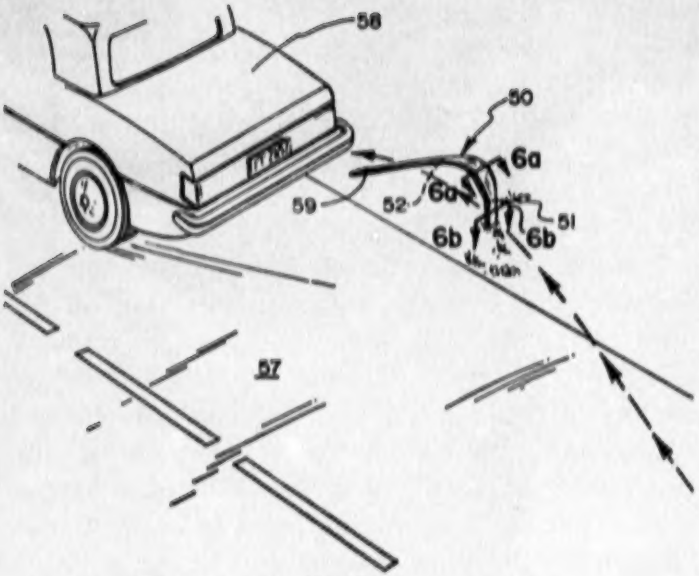

FIGURE 2

Excited by his success, but fearful of how quickly his solution could be duplicated with hindsight, Schmanski invested thousands of dollars to secure U.S. and foreign patents.[9] He then began the arduous task of educating skeptical highway departments of the reality of his nondestructive, flexible substitute for steel—giving countless demonstrations across the country of this new product referred to as the CARSONITE® Roadmarker.

Within several months following initial promotion, Respondent obtained CARSONITE samples, analyzed their construction and after only *two hours* of additional

[9] Foreign patents have issued on this invention in Canada, as well as in the prestigious European Patent Office covering the ECC. Foreign licensees, including 3M of Minnesota, are promoting this American product throughout the world.

design work,[10] announced a *revolutionary* new product[11] known to many as the Carson Roadmarker. Carson hired a Carsonite salesman[12] as sales manager and challenged Schmanski with a virtually identical product. Under state low-bid procedures, Schmanski realized his investment was lost without patent enforcement.

Notice was sent to Carson advising that a U.S. patent was about to issue on this product. Immediately upon publication of the Schmanski patent,[13] Carson selected the 9th Circuit forum and filed its action for declaratory judgment. Schmanski counterclaimed for patent infringement[14] and immediately filed a reissue application with the Patent Office, inviting Carson to bring its prior art and claims of invalidity into that forum. Carson declined and the reissue proceeded ex parte.

Prior to trial, Petitioner submitted all prior art received from Carson under 35 U.S.C. 282[15] for examination along with Carson's complaint for invalidity. The

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[10] John Duckett of Carson Manufacturing testified that it took about one to two hours during one day in November, 1977 to make his design for the Carson delineator. RT 659, 644.

[11] Duckett referred to the delineator as the "must unique and newest line of highway delineator equipment." RT 662. Respondent's initial advertisements referred to their product as "revolutionary."

[12] Bill Thurston, initially responsible for marketing the new Carsonite Roadmarker, took samples to Respondent and later became Respondent's sales manager. Defendants' Exhibit AO-1.

[13] Although the Schmanski patent issued on May 30, 1978, a backlog in printing delayed publication until August, 1978.

[14] Carsonite's counterclaim included allegations of trademark infringement, theft of trade secret, and unfair competition.

[15] Subparagraph (4) of this statute requires a party asserting patent invalidity or non-infringement to provide the patentee with a complete written disclosure of all prior art to be relied upon at trial.

reissue proceeding was not completed prior to trial; however, the Examiner issued an Official Action (Pet. App. 44a) rejecting only one of the 30 claims and holding all others to have allowable subject matter.[16] Following two weeks of testimony and numerous exhibits,[17] the jury rendered individual verdicts of validity on each claim in issue. Jury instructions were consistent with *Graham v. John Deere Co.*, 383 U.S. 1 (1966) and subsequent decisions of this Court, and were without objection by either party.[18]

Following denial of its Motion For Judgment NOV, Respondent appealed. Upon initial review, the Court of Appeals held the Schmanski patent to be a combination patent, despite the fact that it was *not* an old combination of mechanical elements.[19] The Court further acknowledged that the Patent Office had reviewed all relevant prior art during reissue and held that Claims 1, 12, 13, 17 and 18 were *entitled to a presumption of validity.*[20]

The Court quoted three parts of the four-part *Gra-*

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[16] Upon filing a reissue application, Schmanski added four additional claims, bringing the total claims to 30. Claim 20 was rejected by the Examiner; however, Schmanski has not yet had opportunity to counter the rejection because the reissue proceeding has been stayed pending outcome of this litigation.

[17] The jury was able to inspect physical properties of many prior art delineators.

[18] Respondent's request for an instruction requiring "unusual or surprising results" was denied without objection.

[19] The test of unusual or surprising results later established by the en banc panel was directed instead to mechanical combination patents. Pet. App. 27a.

[20] The Court failed to note that the Patent Office had also held that Claims 24 and 25 avoided the prior art and rejections of record. In fact the court invalidated claims 24 and 25 on the erroneous belief that "they were declared invalid by the examiner during the reissue proceedings." Pet. App. 44a, 6a.

ham analysis,[21] but then disregarded its application to the Schmanski claims. Instead, the Court stated:

> "Every element of the patent[22] is old in the art. Thus, the patented combination of the elements —a driveable, flexible marker—must yield an unusual or surprising result to be upheld." Pet. App. 11a.

Because the Court never focused on defining the differences[23] between *each* claimed invention and the prior art, it failed to identify the primary point of novelty —*nondestructive* flexibility—set forth in Claims 1 and 20. In fact, this feature is nowhere mentioned in the court's opinion. Nevertheless, "nondestructive deformation" was the focus of attention at trial and was even defined as synergistic in the literal sense[24] by Brandt Goldsworthy—renowned as founder and inventor of the pultrusion technology and member of the Plastics Hall

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[21] "The finder of fact must ascertain the state of the prior art, the differences between the disputed patent and the prior art, and the level of ordinary skill in the art." Pet. App. 10a.

[22] The Court's focus on "elements of the patent" conflicts with 35 U.S.C. 103 and its analysis under **Graham**, which requires inquiry into the "differences between the prior art and the **claims at issue** . . ." **Graham**, supra at 17. It is clear that the 9th Circuit erroneously analyzed the "patent" instead of the claims at issue.

[23] Petitioner suggests that such focus on "similarities" instead of differences is a major defect of the synergism analysis.

[24] Mr. Goldsworthy volunteered his own observation of synergism, clarifying his meaning to be the literal meaning wherein, "When you put two total different kinds of properties or effects together, that they have an effect on each other which is greater than the sum of either of the two." RT 1145. The jury was likewise aware of this critical **nondestructive** property. Upon being questioned regarding their need for a dictionary during deliberations, the **Forelady** stated, "Ultimately, what we were looking for, **non-destructive deformation** . . ." Pet. App. 41a.

of Fame. All of this evidence was apparently missed by the Court when it determined, "We need not review the record . . . because we conclude that the Schmanski patent is obvious as a matter of law." Pet. App. 11a. Judgment of the district court was accordingly reversed.

In response to a Motion For Rehearing, en banc review was granted on the following issues:

1. Is "synergism" or an "unusual or surprising result" a requisite to a finding of non-obviousness of a "combination" patent?

2. In determining non-obviousness, what questions may or must the trial court submit to the jury, and what questions may or must it reserve to itself?

3. What are the proper standards of review in this court of the answers of the trial court and of the jury to these questions?

With respect to the first issue on synergism, five of the six parties (despite adversarial positions) presented arguments against use of a separate standard from non-obviousness under 35 U.S.C. 103 as interpreted by this Court in *Graham v. John Deere*. Nevertheless, the en banc 9th Circuit held to the contrary—imposing "unusual and surprising results" as the "sole and exclusive measure of patentability for mechanical combination patents." Pet. App. 27a. The summary of en banc holdings on the three issues above are set forth at Pet. App. 30a. The reversal of the District Court judgment was reinstated following denial of Petitioners' second petition for rehearing.

REASONS FOR GRANTING REVIEW

I. THIS COURT SHOULD TAKE PROMPT ACTION TO (i) CLARIFY THE STANDARD OF VALIDITY FOR COMBINATION PATENTS, AND (ii) RESTORE UNIFORMITY, PREDICTABILITY AND CONFIDENCE IN THE FEDERAL SYSTEM FOR ENFORCEMENT OF U.S. PATENTS, THEREBY ENHANCING A CLIMATE FAVORABLE FOR PUBLIC INVESTMENT IN RESEARCH AND DEVELOPMENT.

In 1969, 1,298 new public issues of stock were sold to 31 million U.S. investors, raising $3.5 billion dollars of venture capital. In 1978, only 58 new issues were offered—a decline of 96%! Corresponding venture capital dropped to 214 million—a 94% reduction.[25] Alarmed by decreasing public interest in innovation, President Carter established the Advisory Committee to U.S. Domestic Policy Review on Industrial Innovation.[26]

A summary of findings of this Committee as viewed by a Committee member[27] was published in the *APLA Quarterly Journal*, Vo. 8, No. 2 (1980) pp. 131-154, along with other articles dealing exclusively with the role of innovation in national economic growth. Twelve copies of this Journal have been lodged with the Court

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[25] Washington Post, May 24, 1979.

[26] Executive Order No. 12045, dated March 27, 1978, 43 F.R. 13347.

[27] Tom Arnold, former President of the American Patent Law Association, former Chairman of the Patent Section of the ABA, and member of the Dept. of Commerce Patent Advisory Committee.

because of the extensive treatment of this timely issue. Particular reference is made to a fictitious dialogue between an "entrepreneureal spirit" and his attorney. pp. 143-148.

Among the reasons cited for industrial decline were (a) a decrease in the number of patents issuing to U.S. citizens, (b) a near flat corporate investment in research and development, and (c) a major deficit in foreign balance of payments for products of advanced technology. At least partial cause was attributed to the ebbing confidence of U.S. inventors and investors in U.S. patents and their ability to survive enforcement proceedings.

This attitude has resulted from conflicting and arbitrary court actions which arise in part from the following unsettled questions: (a) What standard or standards[28] of patentability will be required at trial within any given forum?;[29] (b) Will a different standard be employed upon appeal?; (c) In a jury trial, what type of verdict(s) should be requested?; (d) Will the jury findings (express or implied) be given any weight by the appellate panel and if so, how much?; and (e) *How much will it cost* to resolve these questions and enforce legitimate patent rights?

The present case is ideally suited for review by this

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[28] With the new CAFC it is now feasible that two separate standards of patentability will be required at trial, one satisfying local circuit or state law and a second meeting a different standard for the CAFC (in the event of appeal).

[29] The high occurrence of forum shopping is a well-documented fact in patent cases. The infringer attempts to file his plaintiff action for declaratory judgment in an "anti-patent" court, whereas the patentee seeks relief from infringement in a pro-patent jurisdiction.

Court because each of these questions has been sifted through jury trial, JNOV motions, contempt proceedings,[30] rehearing petitions, and full en banc review by the 9th Circuit. The *national impact* of present 9th Circuit action on these issues is clear in view of the fact that as of September 30, 1982, the *9th Circuit* had jurisdiction of almost *one-fifth of all patent cases pending* in the federal court system.[31]

This decision of the 9th Circuit has the immediate effect of impugning the integrity of every existing U.S. patent by virtue of its broad definition of what constitutes a "combination patent" and its strained requirement for "unusual or surprising results" as sole basis for patent validity.

A. THE 9TH CIRCUIT REQUIREMENT FOR "SYNERGISM" OR "UNUSUAL OR SURPRISING RESULTS" AS A *SINE QUA NON* FOR PATENTABILITY OF COMBINATION PATENTS IS A DIRECT CHALLENGE TO THE ROLE AND PRIOR DECISIONS OF THIS COURT.

The *first* en banc action dealing with synergism as a validity test has now been completed. Noting that the

[30] Respondent was held in contempt of the original District Court injunction. Respondent Appeal Nos. 80-4549 and 81-4086 in this matter have been stayed pending action of this Court.

[31] Unpublished statistics provided by the Administrative Office of the U.S. Courts, Statistical Analysis and Reports Div., showing a total of 1,402 pending patent cases, 227 being in the 9th Circuit.

"Supreme Court has not precisely defined the word and [that] circuit and district courts have variously described it," the 9th Circuit has attempted to remedy the resultant "uncertainty in litigation." Pet. App. 25a. After clarifying the functional equivalence of synergism with "unusual or surprising results," the en banc court has "reaffirmed" this test as the *sine qua non* for validity of combination patents. Without presenting any form of analysis justifying this holding (other than a singular claim that "we comply with the constitutional standard set out in *Graham*," the 9th Circuit has summarily established a rigid and arbitrary test which has been generally opposed by the patent bar, US Patent and Trademark Office and former Court of Customs and Patent Appeals. And despite its conclusory comment to the contrary, the 9th Circuit holding is in direct conflict with the landmark case of *Graham v. John Deere, supra.*

In *Graham*, the Court declined to apply the test of synergism in invalidating a *combination patent*, despite the fact that this test was used by the lower court.[32] Instead, the Court introduced the much praised four-part

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[32] In John Deere Company of Kansas City et al. v. William T. Graham et al., 333 F.2d 529 (8th Cir. 1964), the 8th Circuit cited Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. at 152 and held that, "to be patentable, a combination of individual elements must contribute something new; the elements must cooperate to produce an accumulation which exceeds the sum of its parts." No reference to this test of synergism is even mentioned in the Supreme Court opinion in Graham. Neither was synergism or its equivalent language mentioned in companion cases of Colmar, Inc. v. Cook Chemical Co., and Colgate-Palmolive Co. v. Cook Chemical, Id. at 26.

Graham test for determining nonobviousness under 35 U.S.C. 103.[33]

Four years later, in *Anderson's Black Rock, Inc. v. Pavement Co.*, 396 U.S. 57, the Court reaffirmed "strict observance" of the *Graham* test[34] and made reference to the need for a "new or different" function within the test of validity of combination patents.[35] The only reference made to "synergism" pertained to the *absence* of any argument on the subject. The Court noted that "a combination of elements *may* result in an effect greater than the sum of the several effects taken separately," *Id.* 61, but this was not held to be a requirement for patent validity.

When again confronted with a "combination patent" in *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976), the Court affirmed the integral role of the *Graham* analysis as part of the ultimate legal test for patent validity, and applied it as the basis for reversal. *Id.* 280. The Court then took issue with a *lower appellate court* fact-finding regarding "synergistic result," and stated:

> "Such combinations [which simply arrange old elements with each performing the same function

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[33] Quoting the Court, "Under Section 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined." Id. at 17.

[34] Anderson's Black Rock, supra at 60.

[35] The Court cited to a pre-(Section 103) decision in Lincoln Co. v. Stewart-Warner Corp. 303 U.S. 545, 549. Petitioner suggests that "new or different" approaches the same novelty requirement as already expressed in 35 U.S.C. 102, when conceptually viewed with the common law Doctrine of Equivalence.

> it had been known to perform] are not patentable under standards appropriate for a combination patent. *Id.* 282.

The Court then reviewed several of these general standards of "non-patentable" conditions, without including any reference to lack of synergism or unusual and surprising results. *Id.* Based on these primary decisions regarding combination patents, synergism cannot be considered a *sine qua non*, or even an alternative test of patentability.

B. THE PRESENT DECISION ON SYNERGISM PLACES THE CIRCUITS IN AN EVEN 5-5 SPLIT, WITH PATENT LITIGANTS AND INVESTORS CAUGHT IN THE MIDDLE.

The conflict among the Circuit Courts on synergism is clearly out of hand.[36] The 2nd, 3rd, 7th and 10th Circuits and new Court of Appeals for the Federal Circuit[37] have rejected synergism in favor of the *Graham* test exclusively. The 1st, 5th, 6th, 8th and 9th Circuits, on the other hand, are requiring some form of synergism or unusual and surprising results to sustain combination patents, and are openly acknowledging the in-

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[36] **International Tel & Tel Corp. v. Raychem Corp., 538 F.2d 453 (1st Cir. 1976); Shackelton v. J. Kaufman Ironworkers, Inc., 689 F.2d 334 (2nd Cir. 1982); Rengo Co., Ltd. v. Molins Mach. Co., 657 F.2d 535 (3rd Cir. 1981); Farmhand, Inc. v. Anel Engineering Industries, 693 F.2d 1140 (5th Cir. 1982); Smith v. Acme General Corp., 614 F.2d 1086 (6th Cir. 1980); Republic Industries, Inc. v. Schlage Lock Co., 592 F.2d 963, 970 (7th Cr. 1979); Reinke Man. Co. v. Sidney Man. Corp., 594 F.2d 644 (8th Cir. 1979); Plastic Container Corp. v. Continental Plastics, 607 F.2d 885 (10th Cir. 1979).**

[37] **South Corp. v. U.S., 690 F.2d 1378, (1982). Accordingly the long-standing CCPA rejection of synergism in favor of Graham will apply.**

ability of the Circuits to resolve this issue. Pet. App. 26a. Such division is not only demeaning to the federal court system, but is unnerving to patent litigants who place their livelihoods in the hands of the courts.

Frustration must now be at a peak for both patentee and opposer in patent litigation. The judicial climate for forum shopping has never been more favorable with an equal number of forum choices for either side of the synergism issue. Furthermore, vacillating opinions even among judges of the same circuit make prediction of legal standard little more than a calculated guess.[38] And regardless of the trial results, an expensive appeal is a foregone conclusion!

Is it any wonder that more inventors are declining to risk the cost of patent procurement and enforcement in view of uncertainty as to whether a resulting patent will be upheld?[39] Could the *absence* of a unified judiciary with predictable standards of patent review partially explain the almost 20% lower settlement rate in patent litigation as compared to general litigation?[40]

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[38] Review of earlier decisions in each circuit show frequent changes in position by individual district court judges, as well as variance among the respective justices of individual circuits.

[39] The direct impact of the synergism test on patent procurement is evidenced by the recent holding of the 6th Circuit that the "claim of synergistic effect should be mentioned in the patent application and not put forward for the first time when validity of the patent is being tested in Court." **American Seating Co. v. National Seating Co.** 586 F.2d 611 at 621 (1978).

[40] In federal patent cases during the year ending September 30, 1982, 12.3% were resolved by trial. In general civil matters arising under diversity jurisdiction, only 10.1% required judicial resolution—an approximate 20% difference in rate of settlement. Administrative Office of the US Courts, Statistical Analysis and Reports Division.

Only this Court has the supervisory power to clarify the standard and meaning to be applied to "combination patents" and mandate its uniform application. Such action is made even more urgent by the current strained economy and business climate brought about, in part, by growing frustration with the U.S. patent system.

C. THIS CASE PRESENTS THE UNIQUE COMBINATION OF FACTS NEEDED FOR THOROUGH EVALUATION OF (i) WHETHER A "SINGLE TANGIBLE ELEMENT" CAN BE A "COMBINATION," (ii) WHETHER COMBINATION PATENTS REQUIRE A SEPARATE TEST FOR VALIDITY, AND (iii) WHETHER SYNERGISM, AS A TOOL OF ANALYSIS, DEFEATS THE OBJECTIVES OF THE *GRAHAM* TEST.

The Schmanski invention is *not* made up of a combination of mechanical elements, but is a "single tangible element" (Pet. App. 8a) which provides a combination of new properties of driveability and nondestructive flexibility previously unknown for fiberglass composites. Previous combination patents reviewed by this Court have all been comprised of mechanical components. In contrast the unibody delineator of Schmanski's invention falls somewhere between a mechanical combination and a chemical compound having neither components nor a single molecular structure.[41] Such interme-

[41] 35 USC 101 identifies four classifications of patentable subject matter—processes, machines, articles of manufacture and compositions of matter. The Schmanski invention appears to be closest to the "composition of matter" based on the following definition: "A composition of matter is an instrument formed by the intermixture of

synergism.[43] This Court should take this opportunity to evaluate and resolve the range and divergency of tests from *Graham* to synergism which have split the Circuits.

Finally, the Court should consider the practical weakness of synergism as a tool of analysis. This weakness is apparent in the present opinion of the 9th Circuit (Pet. App. 1 et seq.). In applying the synergism test, the Court first had to determine if the Schmanski patent was a "combination." To do this, the Court identified the purported Schmanski elements and then searched for the *same* elements in the prior art. Once such elements were *seemingly* located, the Court then searched for "unusual or surprising results." Not finding the looked-for results, the patent was shrugged off as invalid.

The flaw in this analysis arises with its departure from the required statutory inquiry into the quality of *differences* between the prior art and claimed invention.[44] Failure to apply this vigorous analysis of differences lead the 9th Circuit to unknowingly overlook material, distinguishing features in the inventions claimed.

For example, the Court failed to identify one of the most significant elements of each claim—the *non-destructive deformation response*. Instead, the Court mis-

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[43] See note 24. This can be mathematically shown by the traditional synergistic formula $1 + 1 > 2$. Since the prior art taught only the alternative choice between (i) driveability or (ii) flexibility, the "sum" of the effects of the prior art should be limited to the alternative expression "driveability OR flexibility." The Schmanski patent exceeds the sum of the parts because "driveability PLUS nondestructive flexibility" is greater than driveability OR flexibility.

[44] Hotchkiss v. Greenwood, 52 U.S. (11 How.) 248 (1856); McClain v. Ortmayer, 141 U.S. 419 (1981); Graham v. John Deere Co., supra., 35 USC 103.

identified the invention as merely a "driveable-flexible" marker. Therefore, upon realizing that the earlier "T" Delineator was a form of driveable-flexible marker, the case was resolved in the mind of the Court.

The Court then made egregiously erroneous factual findings,[45] invalidating the patent based on an assortment of *breakable* delineators. Undoubtedly, the Court was acting in good faith, but its actions were based on a *false perception* of the invention. Had the Court searched the prior art for *differences*, it would have immediately recognized the primary distinction of "nondestructive deformation" set forth in both Claims 1 and 20. Pet. App. 50a. The *Graham* approach ensures the requisite understanding of the invention for determination of validity. Review of this decision should be prompt to alert other courts—and the en banc 9th Circuit—to the fallibility of "synergism" as an analytical tool.

II. AN UPSURGE IN DEMAND FOR JURY TRIAL—ALMOST ONE OUT OF THREE—DEMONSTRATES RISING FRUSTRATION OF PATENT LITIGANTS WITH THE JUDICIARY, AN ATTITUDE FURTHER AGGRAVATED BY OPEN DISREGARD FOR JURY FINDINGS BY CIRCUIT COURTS.

Fifteen years ago only 2% of patent cases were

[45] A German patent (1,761,634) which was not even argued by Respondent at trial or on appeal was applied by the Court to invalidate the Schmanski patent. Pet. App. 11a. Its teaching, however, disclosed a fiberglass marker which was neither driveable at its top nor nondestructively flexible. Also, the Court held that the Humphrey delineator could be made of fiberglass under Schmanski's patent. Testimony at trial conceded this to be impossible.

tried to a jury. In 1975, the number had only reached 13%. The incidence of jury demand now exceeds 28%.[46] This remarkable shift from bench to jury trials suggests that patent litigants (usually patentees) believe that a jury will be more fair (or more predictable). Many judges are being perceived as "anti-patent" in disposition. Petitioner suggests that the convoluted standard of patentability and independent fact-finding at the appellate level encourage jury trials in view of 7th Amendment proscription against retrial of the facts.

Despite Constitutional encroachment, however, retrial of jury findings has become common practice in appellate review. In the present case the court noted:

> "The jury did not render a special verdict disclosing findings on *Graham* inquiries,[47] so we do not know how the jury arrived at its conclusion that the Schmanski patent was valid." Pet. App. 11a.

At this point, the appellate court had at least two options: (1) to study the record to see if substantial evidence existed in support of the separate verdicts on each claim, or (2) to disregard the record, assume the role of technical expert, and take the easier course of *de novo* review of the prior art *without the insight* provided by evaluation of the testimony and evidence at

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[46] Administrative Office statistics of the Federal Courts for Sep. 30, 1982, show that of 112 patent cases tried 31 were jury trials.

[47] Although the parties suggested special interrogatories on Graham findings, the district judge felt that correct instruction of the jury under Graham was adequate, without forcing jurymen to become "legal draftsmen" and to collectively formulate findings which would become meat for the chopping block of losing counsel.

trial. The 9th Circuit panel selected the latter, stating:

> "We need not review the record, however, because we conclude that the Schmanski patent is obvious as a matter of law." *Id.*

In short, any Constitutional value of Schmanski's jury trial had been totally emasculated. The 9th Circuit did not even apply the required "substantial evidence" test.[49]

III. INVENTOR CONFIDENCE IN PATENT ENFORCEMENT IS BEING FURTHER UNDERMINED BY SUBSTANTIAL CONFLICT AMONG THE CIRCUITS REGARDING THE ROLE OF THE JURY IN PATENT LITIGATION.

Rather than summarize the conflict among the Circuits[48] regarding standards of review for mixed questions of law and fact arising under the four-part *Graham* test, a more fundamental set of questions must be asked. Simply stated, (1) What Constitutional protection exists with respect to jury findings in a patent case? and (2) What effective guidelines can be provided by this Court to prevent disregard of such Constitutional right by Circuit Courts which assert their *de novo* right to re-try each case as a matter of law? This Court should now end its *century of silence* on these fundamental issues—particu-

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[48] See Dual Manufacturing & Engineering v. Burris Industries, 619 F.2d 660 (7th Cir. 1980); Control Components,, Inc. v. Valtek, Inc., 616 F.2d 892 (5th Cir. 1980); Panther Pump & Equipment Co. v. Hydrocraft, Inc., 468 F.2d 225 (7th Cir. 1972); Tights, Inc. v. Acme-McCrary Corp. 541 F.2d 1047 (4th Cir. 1976)—all cert. denied.

[49] The en banc panel held, "On appeal to this Court, we review the factual findings made by the jury under the substantial evidence test . . ." Pet. App. 31a.

larly in view of the wide disregard by the Circuits of the most recent (19th Century) precedent of this Court[50] which uniformly upholds a *meaningful* right to jury trial for patent litigants. Public confidence in the jury system is reflected by a 6-to-1 vote of the present jury favoring use of juries in patent cases. Pet. App. 41a.

IV. SCHMANSKI HAS BEEN DENIED HIS 7TH AMENDMENT RIGHT TO JURY TRIAL BY A POST-TRIAL CHANGE IN THE STANDARD OF PATENTABILITY.

Schmanski's initial jury trial was premised on factual evidence required under the *Graham* test, along with similar 9th Circuit decisions which imposed no requirement for "synergism." The jury, as fact-finder, was properly instructed on the three-part factual inquiry to be made under *Graham*. Instructions regarding the law of nonobviousness were given and the jury was further cautioned that:

> "If you find that any claim merely combines elements known in the art in a way in which they

[50] **Carver v. Hyde, 41 U.S. (16 Pet.) 513, (1842), the jury was instructed upon the claimed invention and was charged to determine the issue of infringement. The Supreme Court affirmed the jury verdict. Chief Justice Taney reviewed the record of the trial. He thereupon concluded that whether a particular element was an essential part of an invention was a question of fact for the jury to decide. In Keyes v. Grant, 118 U.S. 25, 6 S.Ct. 974, 30 L.Ed. 54 (1886), the Supreme Court held that where the scope and content of the prior art was not a matter of lay judicial knowledge, and where at trial the experts differed as to its pertinence in relation to the claimed invention, the issue raised was a material fact issue for the jury alone to decide. In Market Street Cable Ry. Co. v. Rowley, 155 U.S. 621, 15 S.Ct. 224, (1895), the Court laid down clear guidelines as to when the trial court was authorized to remove a patent validity issue from the jury.**

> have previously been combined to produce predictable results, the claim is invalid." (RT 1568)

The jury verdicts of validity were based on this evidence and legal instruction.

By changing the validity test to "unusual or surprising results", however, the 9th Circuit established a new criteria of evidence which could have been effectively presented at trial, if the new standard had been known. Since it was not, Schmanski was effectively denied his day in court! Furthermore, he was denied his 7th Amendment right for jury review of relevant evidence, since "validity" now turned on unusual results as the "sole and exclusive measure" of validity, as opposed to *differences* required by 35 USC 103 and *Graham supra.* The 9th Circuit should have at least remanded the matter for retrial under its new standard. Grant of this writ is necessary to remedy the 9th Circuit breach of (i) due process and (ii) 7th Amendment right, and to establish procedures to prevent similar occurrences in other pending jury cases.

V. THE CARSONITE CASE PRESENTS AN UNCOMMON EXAMPLE OF EXTREME DEPARTURE FROM PROPER JUDICIAL PROCEDURE, REQUIRING PROMPT SUPREME COURT INTERVENTION.

In addition to matters already presented (misreading Patent Office Findings in reissue, failing to independently evaluate each claim at issue, disregarding jury findings on patent issues) the 9th Circuit totally disregarded

implicit jury findings and uncontested factual evidence pertaining to trademark infringement and unfair competition by CARSON. See, for example, admissions in testimony (Pet. App. 37a) of CARSON'S president regarding *actual* confusion with CARSONITE® arising from Respondent's use of the name CARSON in connection with its fiberglass delineator. Collectively, the appellate court has failed to give a fair review of the trial record and has disregarded the "substantial evidence" test for resulting jury findings.

CONCLUSION

In *Graham Id* at 18, this Court counselled:

> "We believe that strict observance of the requirements laid down here will result in that uniformity and definiteness which Congress called for in the 1952 Act (35 USC 103)."

This writ should be granted as part of a renewed effort to revive a judicial commitment to uniformity in administration of the U.S. patent system, and other intellectual property interests.

DATED this 27th day of January, 1983.

Respectfully submitted,

Vaughn W. North

THORPE, NORTH &
WESTERN
9662 South State
P.O. Box 2609
Salt Lake City, Utah 84110
Telephone: (801) 566-6633